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 Executive Secretary
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SUBJECT: NSC Meeting on Negotiations with Nicaragua

Attached is a paper developed ad referendum by the Security Policy Working Group as a basis for discussion at the meeting of the National Security Council on July 27, 1984.

Boettcher
 Charles Hill
 Executive Secretary
 Department of State

Attachment:
 Dialogue with Nicaragua

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Central America Security Policy Group
Working Paper for July 27 NSC Meeting

Subject: Dialogue with Nicaragua

The President's foreign policy is characterized by strength, realism and dialogue, providing the military and diplomatic capacity and the flexibility to advance our interests and achieve U.S. national objectives. We have not shrunk, when necessary, from challenging and testing the intentions of our adversaries. These principles are central to our global policy, applying to the conduct of our relations with the Soviet Union and to other parts of the world.

These same elements have guided our policy toward Nicaragua. Strength -- We have used the instruments of pressure to achieve our objectives. Realism -- We have recognized the problems, the risks posed to U.S. security interests, and faced up to them. Dialogue -- We have at all stages been willing to sit down and discuss with our adversaries their concerns and ours to see if a peaceful solution could be found.

These three elements of our Nicaraguan policy are inter-related. Pressure is necessary to achieve results in dialogue. Dialogue is necessary to demonstrate the need for pressure. Realism must guide both pressure and dialogue. We must know what we want as well as what we can achieve.

In this sense the dialogue element of our Nicaraguan policy has been critical. It provides a peaceful alternative to the Nicaraguans should they realize that they have created a regime-threatening dilemma for themselves. By demonstrating publicly our flexibility, it has effectively reduced domestic and international pressure on us to go softer on Nicaragua. Thus the negotiations process has become an essential component of our pressure tactics. Over three years we have built a consistent record of periodic attempts at dialogue that demonstrates our good faith and willingness to deal -- provided Nicaragua is also ready to do so.

The latest U.S. initiative beginning with Secretary Shultz' June 1 meeting in Managua is an extension of this process. The new effort at dialogue, led by Ambassador Shlaudeman, is designed again to test Nicaraguan intentions, put some guts into the

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Contadora process, and publicly demonstrate U.S. willingness to seek a peaceful solution to the Central American conflict, supportive of the principles of the Contadora "21 points."

U.S. Objectives

Our objectives have remained consistent. In both the Secretary's meetings and in the Shlaudeman-Tinoco talks, we have proposed a process of reciprocal steps designed to achieve a situation in Central America that would:

- 1) remove Cuban/Soviet Bloc military/security personnel from Nicaragua;
- 2) end external support for insurgencies;
- 3) limit the size of Central American military forces and restrict armaments; and
- 4) provide for free and fair democratic elections.

Aside from the U.S. proposals, the talks so far have focused almost exclusively on procedural issues. With those essentially resolved, the talks will turn to more substantive issues. The following guidelines will set the parameters for the U.S. position in future.

U.S. Negotiating Principles

In conducting these talks the U.S. side has been, and should continue to be, guided by the following principles:

A. Overall Approach: The principles of "comprehensiveness", "preservation of U.S. security interests", "strengthening Contadora" and "adequate verification" are key:

(1) Comprehensiveness. Any acceptable agreement must meet all of our essential concerns. In proceeding on the step-by-step approach, Ambassador Shlaudeman will preserve balance, comprehensiveness and simultaneity by ensuring that each of the four phases implements elements from each of the four basic U.S. objectives.

(2) Balance. It is essential to the horizontal, step-by-step approach that we have a clear balance at each step -- so that results achieved at any point (even with a breakdown in dialogue) will serve our net interests.

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(3) Verification. Given the "unilateral enforcing nature" of any agreement for us, but not for Nicaragua, we must accord high priority to assuring, at each step, that we have strong verification provisions.

B. Safeguarding U.S. Position in Central America: We must use the talks to protect our strategic political and military position in Central America.

(1) Preserving U.S. Flexibility: Discussions must not interfere with the ability of the U.S. military to operate, exercise or respond to threats in the region. Hence, the conduct of the talks and the nature of U.S. commitments will always be defined in a way that gives the U.S. flexibility to meet regional security commitments and threats from or through Nicaragua, as well as threats from the Soviets or Cuba not involving Nicaragua. U.S. military presence in the region reflects protection of vital U.S. national interests, critical lines of communication and the Panama Canal. Soviet Bloc/Cuban military presence is disruptive, requiring U.S. efforts to reduce and eliminate it at every stage. Hence, negotiations should not interfere with our traditional strength and presence in the area, which should in no circumstances be equated with Cuban/Soviet Bloc presence in the area.

(2) Keeping Cuba out of the Negotiations Process: It would be contrary to U.S. interest to allow the institutionalization of a Cuban role in Central America by admitting them to the negotiating process.

(3) Interim Measures: In discussing reciprocal steps it is important that any interim stage be specifically time-limited to prevent it from becoming an agreement in its own right. Moreover, each phase must be contingent upon satisfactory compliance by Nicaragua with its obligations.

(4) Preserving our Role in Panama: The talks will be strictly confined to Nicaragua, El Salvador, Honduras, Guatemala and Costa Rica. They will not involve in any way the U.S. presence or treaty commitments in Panama.

C. Building Domestic and International Support: We should use these talks to build support for our policies in Central America by demonstrating both strength and flexibility. The Secretary of State's visit to Managua and these talks enable us to take the high ground critical to the Administration on the "reasonableness" issue -- thus countering criticism of the

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President as warlike, while also helping to build greater European and Latin American understanding and support for our defense against Soviet/Cuban expansionism.

D. Building a Record: Whatever the outcome of the talks, a key principle should be to build a record of having put forward a negotiating position that demonstrates that the United States is serious, realistic and balanced in its approach and substantive proposals. Ambassador Shlaudeman should make it clear to the Nicaraguans that the United States would be prepared to take specific reciprocal action if the Nicaraguans take concrete and verified steps to meet our four basic concerns. Our approach contemplates positive, economic incentives as well as the removal of negative incentives. This will improve chances of success and strengthen and support our later ability to act if the talks fail. The talks must in no way inhibit U.S. ability to act in the event of need, e.g. the introduction of MiG aircraft, or to speak out clearly on Nicaraguan political issues. We will preserve full freedom to act consistent with our interests.

E. Strengthening our Friends in Central America: Enhancing the Core Four's position, and our relationships with them, is also essential to an outcome in Central America that serves U.S. long-term interests. We want to strengthen the democratic structures and the economies of our friends in Central America. The U.S. dialogue with Nicaragua must be carefully coordinated with the Core Four, to meet their legitimate interests and assist their negotiations on the Contadora Final Act ("The Acta"). For example, such coordination could enable the U.S. to advance in bilateral dialogue verification schemes agreed with the Core Four, thus facilitating later agreement in Contadora. Ambassador Shlaudeman will consult Core Four countries between each session with the Nicaraguans and before each session at which the U.S. side intends to put forward new proposals. Core Four views will be solicited and taken into account. The U.S. will not make or imply commitments on the part of the Core Four countries without their approval.

F. Supporting Contadora Framework: The linkage to the Contadora process is valuable to us and noxious to the Nicaraguans. Despite its deficiencies from our point of view, the Nicaraguans find significant parts of the Contadora "Acta" to be unacceptable. Maintaining the links between the bilateral dialogue and Contadora will require that Ambassador Shlaudeman brief and debrief the four Contadora countries at each stage, soliciting their assistance in pressuring Nicaragua to be more forthcoming both procedurally and substantively. This puts us in a position to influence the pace of events within Contadora. The

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objective of the talks, in sum, is to strengthen Contadora, not to achieve formal bilateral agreements.

G. Style of Approach: Several procedural and "style" aspects are important to achieving our objectives in the talks. These include (1) confidentiality and minimal public discussion, to demonstrate that we are serious, and to enhance our ability to explore sensitive issues -- emphasizing confidentiality also makes it possible to turn any Nicaraguan public disclosures to our advantage; (2) direct talks, without third party participation, to avoid posturing or being trapped into mediation situation. Ambassador Shlaudeman should reject all efforts by the Nicaraguans or by others to interject third parties into the bilateral dialogue; (3) restricted size of delegation, and those involved in decision process, to minimize grandstanding and leaks; (4) systematic Core Four/Contadora consultations are critical to achieving our objectives as the issues evolve, to avoiding suspicions and, should talks fail, to assuring that our position is widely understood and accepted; (5) care of written commitments, in recognition of the importance of preserving full U.S. flexibility on security issues, we should avoid "treaty-like situations," exercising care with written submissions so as to preserve U.S. flexibility to continue to act in accord with our interests.

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